COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5039-11
Bill No.: HCS for SCS for SBs 991 & 645
Subject: Banks and Financial Institutions; Boards, Commissions, Committees, Councils; Chiropractors; Economic Development Dept.
Type: Original
Date: May 10, 2010

Bill Summary: Eliminates, combines, and revises certain state boards, commissions, committees, and councils.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	Unknown less than $1,126,413	(Unknown exceeding $13,955,028) to less than $1,116,723	(Unknown exceeding $13,886,545) to less than $1,113,455
Total Estimated Net Effect on General Revenue Fund	**Unknown less than $1,126,413**	**(Unknown exceeding $13,955,028) to less than $1,116,723**	**(Unknown exceeding $13,886,545) to less than $1,113,455**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 34 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
The Public Counsel	($1,225,672)	($1,225,672)	($1,225,672)
MO Real Estate Appraisers	$0	$2,778	$2,769
PR Fees	($6,708)	$0	$0
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, Soil, and Water	(Unknown)	(Unknown)	(Unknown)
Blind Pension	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds	**(Unknown exceeding $1,232,380)**	**(Unknown exceeding $1,222,894)**	**(Unknown exceeding $1,222,903)**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	-9 or -10	-9 or -10	-9 or -10
The Public Counsel	12	12	12
Total Estimated Net Effect on FTE	**2 or 3**	**2 or 3**	**2 or 3**

☒ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Mental Health, Department of Natural Resources, Department of Corrections, Department of Health and Senior Services, Department of Labor and Industrial Relations, Department of Revenue, Department of Social Services, Missouri Department of Transportation, Department of Public Safety (DPS) - Director's Office, DPS - Division of Fire Safety, DPS - Missouri State Water Patrol, DPS - Missouri State Highway Patrol, Missouri Consolidated Health Care Plan, Office of Lieutenant Governor, Missouri State Employee Retirement System, Office of State Auditor, Missouri Senate, Office of State Public Defender, Office of State Treasurer, Linn State Technical College, University of Missouri, City of Centralia, Parkway School District, St. Louis County Government** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if other similar bills also pass, there are more cases, or the cases are more complex, there could be a fiscal impact.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Higher Education (DHE)** assume the proposal would have no direct, foreseeable fiscal impact on their organization.

Officials from the **Office of the Governor (GOV)** state no added costs are anticipated for the GOV as a result of this legislation. The legislation proposes to eliminate or combine committees, boards, and commissions.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation will have a fiscal impact on JCAR due to the anticipated changes in rules that would be necessitated by the elimination, combination and revisions of certain state agencies indicated in the legislation. However, any anticipated impact can be absorbed within current appropriations.

Officials from the **Missouri House of Representatives (MHR)** assume there may be a reduction in costs as a result to the elimination of some committees. The reduction in costs is estimated to be $0 to $8,400 for FY 11; $0 to $8,652 for FY 12; and $0 to $8,912 for FY 13.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than $2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state the Acupuncturist Advisory Committee currently convenes by conference call every other month to conduct committee business and as a cost savings measure. Committee members do not receive per diem for conducting committee business. However, the decrease in committee members will result in a small cost reduction relating to the preparation and mailing of meeting agenda materials. In the event the committee determines a face-to-face meeting is necessary, this legislation would also save the committee the travel expenses related to having two fewer members. The Acupuncturist and Chiropractic Examiners Funds will be merged resulting in an administrative cost savings.

The Interior Design Council last met February 26, 2002. Therefore, the decrease in council members will not have an immediate effect on the fund. However, should the council find that they need to hold a meeting, this legislation would save the committee the personal service cost and expense of the two member decrease.

Officials from **Cass County** assume an unknown fiscal impact as a result of this legislation.

Oversight assumes Cass County will not incur a significant fiscal impact and that any impact will be absorbable.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would appear to have a minimal fiscal impact on MDC funds.

Oversight assumes organizations stating they do not expect the proposal to have a material impact or a minimal fiscal impact as a result of this proposal will be able to absorb the fiscal impact within current funding levels.

ASSUMPTION (continued)

§48.020

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this section requires the State Tax Commission to calculate and publish the annual percentage change in the annual average of the Consumer Price Index for all urban consumers as it relates to annual increases for assessed valuation. The State Tax Commission should provide the estimate for any costs or revenues for the state.

§67.1000

Officials from the **Department of Economic Development - Business and Community Services Division** state they are unable to determine the fiscal impact for sections 67.1000 - 67.2050, and 137.115.

In response to a similar proposal from 2009 (SB 187, 0600-01), officials from the **City of Jefferson** stated for each one cent increase in the tax, they will generate $140,000 in additional revenue for the Convention and Visitor's Bureau. Assuming the voters approved, the City could increase its tax by an additional 4 cents under this legislation.

Oversight assumes this proposal increases the maximum tax from 5% to 7% that the City of Jefferson could charge guests of hotels and motels and other businesses that offer sleeping rooms. **Oversight** assumes the increase in the tax rate would require voter approval; therefore, **Oversight** assumes this proposal to be permissive and would not have any state or local fiscal impact.

§67.1360

Oversight assumes this proposal would allow the County of Montgomery and the City of Sugar Creek to charge a tax to guests of hotels and motels and other businesses that offer sleeping rooms. The tax shall be at least 2% but not more than 5%. **Oversight** assumes the tax could not be implemented without voter approval. Therefore, **Oversight** assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

§67.2000

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this section expands the definition of qualifying areas for establishment of an "Exhibition Center

ASSUMPTION (continued)

and Recreation Facility District" to include various new areas. These districts may impose sales taxes upon voter approval. The Department of Revenue should provide the estimate for any costs or revenues to the state.

Officials from the **Department of Revenue** state their response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the DOR's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated to be $4,441. The estimate assumes using 1 FTE for one month to perform modifications to the DOR's sales tax system (MITS).

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

In response to similar legislation filed this year (SB 700, 3792-02), officials from **DeKalb County** estimated the fiscal impact of the above-referenced bill for fiscal years 2009, 2010 and 2011 to be as follows:

- Revenues: Revenues for 2009 are final as this is the 12th month of the year. One-fourth is $157,260. Revenues for 2010 estimated at $150,000 and the same for 2011. I did not include an increase in Sales Tax for the 2010 and 2011 as it has declined from 2008 and I do not anticipate an increase in Sales Tax in the future.

- Costs: Holding hearings for the establishment of this district would incur the expense of publication of hearing notices in the local newspapers. This expense would be approximately $600 per newspaper with three newspapers to publish the hearing notice. Total expense estimated to be $1,800. The expense of holding a County wide election is estimated to be $8,000. If the issue passes and a board is appointed, the expense of their actual and necessary expenses would occur. This is estimated to be $4,000 per year. This board would have to have Errors and Omissions Insurance with an estimated cost of $5,000 per year.

In response to similar legislation filed this year (SB 700, 3792-02), officials from **Daviess County** assumed they would incur election costs of $12,060 in FY 2011 as a result of this proposal.

ASSUMPTION (continued)

Officials from **Caldwell County** and **Clinton County** did not respond to our request for a statement of fiscal impact.

Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. If the governing body of the county approves the creation of an Exhibition Center and Recreation Facility District and the voters within the district approve a sales tax to operate the district, the Department of Revenue would collect the sales tax and would withhold a 1% collection fee. The collection fee would be deposited in the State's General Revenue Fund.

If the counties attempt to establish a district, they would realize the cost of an election, which is required to establish a district, and the district would realize income generated by the sales tax, and would have costs related to the operation and maintenance of the district. All amounts of income and costs are indeterminable and based upon the desire and action taken to set up such a district.

§67.2050

Officials from the **Department of Economic Development** and **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

In response to identical legislation filed this year (HB 2107, 4776-01), the following responded:

Officials from the **Budget and Planning (BAP)** assume the proposal would not result in additional costs or savings to their organization.

BAP officials state that the proposal would exempt transactions involving the lease or rental of any components of a technology business facility project from local sales tax. The Department of Revenue (DOR) collects local sales taxes for certain municipalities and charges a fee for that collection. As a result of the exemption contained in this bill, the amount of local sales tax revenue DOR collects for certain municipalities may be minimally reduced, potentially reducing the amount of work and collection fee revenue for DOR.

Oversight assumes that any reduction in state revenue from local government sales tax collection charges would be minimal.

ASSUMPTION (continued)

Oversight notes that this proposal would allow any municipality in the state, county, city, incorporated town, or village to develop a technology business facility project. A qualifying project would be located in a portion of an underground mine that contains at least two million square feet of space, and project resources could only be used for certain technology-related businesses. **Oversight** assumes that any impact related to this proposal would be the result of some future action by a municipality and will not include any impact in this fiscal note.

§94.271

Oversight assumes this proposal increases the tax to 5% that Grandview could charge guests of hotels and motels and other businesses that offer sleeping rooms. **Oversight** assumes the tax could not be implemented without voter approval. Therefore, **Oversight** assumes this proposal to be permissive and there would be no state or local fiscal impact.

§94.832

In response to a similar proposal from this session, SB 862, officials from the **City of North Kansas City** estimated that for each one-percent that the local citizens vote to impose, North Kansas City's collections would increase by about $100,000 or a maximum of an estimated $500,000 should the maximum 5% level be approved.

Oversight assumes this proposal would allow the City of North Kansas City to charge a tax to guests of hotels and motels and other businesses that offer sleeping rooms not to exceed 5%. **Oversight** assumes the tax could not be implemented without voter approval. Therefore, **Oversight** assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

§§135.950, 135.953, 135.957, 135.960, 135.963, 135.967 & 135.969

In response to similar legislation filed this year (HB 2026, 4908-02), the following responded:

Officials from the **State Tax Commission** assumed the proposal would not fiscally impact their agency.

Officials at the **Department of Elementary and Secondary Education** assume tax subsidies reduce the state's tax revenues and decrease the amount of money available for public schools and all public school students.

ASSUMPTION (continued)

Officials from the **Budget and Planning (BAP)** stated this proposal creates "certified industrial zones" as part of the enhanced enterprise zone (EEZ) program. The proposal earmarks, for these zones, $10M of the $24M currently available for EEZ projects. These tax credits are transferable and refundable. The proposal expands the industries eligible for these zones.

This proposal may increase the issuances and redemptions for the EEZ program. DED had projected $14.6M in authorizations for FY12 and a smaller amount of issuances and redemptions. This proposal will reduce general and total state revenues to the extent redemptions increases. This proposal may encourage additional economic activity, but BAP cannot estimate the induced revenues. The BAP defers to DED for such an estimate.

Officials from the **Department of Economic Development (DED)** state the proposed legislation creates new certified industrial zones. DED anticipates an increase in the amount of zones that will be approved and therefore, anticipates an increase in the workload. Based on that increase, an additional FTE would be needed in the Business and Community Services Division. This FTE would be an Economic Development Incentive Specialist III and would be responsible for reviewing the project plan applications to make sure they meet the criteria of the program and conducting random audits to ensure compliance with the program. The related costs for this FTE include one-time expenditures for systems furniture, side chairs, file cabinets, calculators and telephones and recurring costs for office supplies, computers, professional development and travel. DED is unable to calculate the impact on total state revenue and therefore, anticipates an unknown impact. The overall fiscal impact is one FTE and associated costs to a negative unknown. DED estimates the cost for this FTE to be roughly $75,000 per year.

Based on previous responses, **Oversight** assumes DED's estimate of expense and equipment for the one (1) FTE to be approximately $70,000 per year. **Oversight** will assume DED could absorb the administration of this proposal until a certain number of new certified industrial zones are created. Therefore, Oversight will range the fiscal impact to DED from $0 to the anticipated cost of the FTE.

Officials from the **Department of Revenue (DOR)** state their response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated to cost $13,356 [504 FTE hours to make programming changes to the individual income tax processing system (MINITS) and the corporate income tax processing system (COINS)].

ASSUMPTION (continued)

The DOR also stated their Personal Tax Section would need one Revenue Processing Technician I for every 6,000 new credits claimed. DOR's Collections and Tax Assistance Section would need one FTE for every 24,000 contacts on the non-delinquent tax line, one FTE for every 15,000 contacts on the delinquent tax line, and one FTE for every 4,800 contacts in the tax assistance offices. Also, DOR's Corporate Tax Section states this proposal creates a new tax credit to be applied to Chapter 143 taxes and, therefore, would need one FTE for every 6,000 additional tax credit redemptions.

Therefore, the DOR assumes the cost of the five (5)additional FTE would be approximately $215,000 per year.

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

Based upon the number of certificates issued and projects currently in the Enhanced Enterprise Zone program (see chart below), **Oversight** assumes the number of contacts made and credits redeemed will not reach the thresholds mentioned by DOR for requiring additional FTE. If the new program within the EEZ program is widely used, **Oversight** assumes DOR could request additional FTE through the appropriations process.

Oversight assumes the reduction in personal property tax revenues to local political subdivisions is dependent upon approval of the local political subdivisions.

According to the Tax Credit Analysis sheet supplied by the Department of Economic Development, The Enhanced Enterprise Zone program has had the following activity:

	FY 2007	FY 2008	FY 2009	FY 2010 (projected)	FY 2011 (projected)
Certificates Issued	4	18	31	50	65
Projects	4	38	30	55	75
Amount Authorized	$3,650,200	$7,614,660	$9,807,051	$12,850,000	$14,600,000
Amount Issued	$115,319	$1,199,842	$2,262,259	$4,000,000	$6,100,000
Amount Redeemed	$5,188	$756,006	$1,454,319	$2,600,000	$3,965,000

ASSUMPTION (continued)

Oversight assumes this proposal may increase the amount of credits that are issued under the Enhanced Enterprise Zone program. However, **Oversight** has already reflected the potential loss to General Revenue up to the annual $24 million cap in prior fiscal notes. The changes within this proposal do not change that annual cap. Therefore, while this proposal may increase the utilization of the program, **Oversight** will assume DED will still not be able to issue credits above the previously established $24 million annual cap, and therefore, **Oversight** will not show additional revenue loss resulting from this proposal.

Oversight also assumes this proposal could have positive fiscal impact to the state; however, **Oversight** considers those benefits to be indirect effects and have not reflected them in the fiscal note.

§137.115

Officials from the **State Tax Commission (TAX)** state the proposal will not have a fiscal impact on their organization. However, a change in Section 137.115 creates a new subclass of tangible personal property. This change will result in a loss of revenue to the local political subdivisions. The amount of loss is unknown.

Due to existing property tax limitation provisions, **Oversight** assumes that this proposal would at least partially shift local property taxes from eligible owners of property to owners of property who are not eligible for the reduction in assessed valuation. Finally, based on our review of property tax rate information developed by the Office of the State Auditor, **Oversight** has determined that many local governments would be able to compensate for a reduction in assessed valuation by increasing tax rates within existing tax rate ceilings.

§144.019

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** state this section authorizes the purchase of tangible personal property subject to tax to be exempt when purchasing for resale. The State Tax Commission should provide the estimate for any costs or revenue to the state. This provision may impact the state's Blind Pension Fund.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would clarify that operators of amusement parks and places of entertainment or recreation, including games or athletic events, must charge sales taxes on the amount of gross receipts charged for admission, but any subsequent sale of the admissions or seating accommodations would not be subject to

ASSUMPTION (continued)

sales tax. This proposal would clarify that operators of hotels, motels, taverns, restaurants, drugstores, dining cars, or tourist camps must charge sales taxes on the amount of gross receipts charged for all rooms, meals, and drinks furnished at the establishment, but any subsequent sale of those same rooms, meals, and drinks would be exempt from sales tax.

Adding exemptions from sales tax would decrease the amount of funding available in the Parks and Soils Sales Tax Funds. These funds have been used for the acquisition and development, maintenance and operation of state parks and historic sites and to assist agricultural landowners through voluntary programs.

The DNR's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, any additional sales tax exemptions would be an unknown loss to the Parks and Soils Sales Tax Funds.

Officials from the **Department of Conservation** (**MDC**) assumed this proposal would authorize a state and local sales and use tax exemption for data storage center and server farm facilities.

MDC officials stated that this proposal could have a significant negative fiscal impact on MDC funds, which could exceed $100,000 annually. However, MDC is unable to provide an exact amount and will rely on Department of Revenue for the fiscal impact of this legislation.

Officials from the **Department of Revenue (DOR)** assume this proposal would codify several tax exemptions, and substantially decrease total state revenue compared to the current state of the law.

Tangible personal property sales.

This proposal would make a purchase of tangible personal property or taxable service for resale exempt, or excluded from sales tax, if the subsequent sale is taxed in Missouri or any other state.

Admission ticket sales.

This proposal would require the operator of a place of amusement to charge sales tax on the amount it receives for admissions or seating accommodations. A subsequent sale of such admission or seating accommodation would not be subject to sales tax, but the proposed language would not apply if the purchaser is exempt under current provisions.

ASSUMPTION (continued)

Hotel and restaurant sales.

This proposal would require the operator of a hotel or restaurant to charge sales tax on the amount it receives for rooms or meals. A subsequent sale of room or meal would not be subject to sales tax, but the proposed language would not apply if the purchaser is exempt under current provisions.

DOR officials assume this proposed language would result in revenue reductions in excess of $100,000 per year; however, since DOR is unable to track exempt and excluded sales, a more specific estimate of the impact is not available.

Oversight will indicate an impact in excess of $100,000 per year to the General Revenue Fund and to local governments. Since the sales tax rates for other state funds which receive sales tax revenues are lower than for the General Revenue Fund, **Oversight** will indicate unknown losses for those funds. Further, since the proposal includes an emergency clause, a full year's impact would be expected for FY 2011.

§144.054

Officials from the **Department of Natural Resources (DNR)** assume this proposal would clarify that operators of amusement parks and places of entertainment or recreation, including games or athletic events, must charge sales taxes on the amount of gross receipts charged for admission, but any subsequent sale of the admissions or seating accommodations would not be subject to sales tax. This proposal would clarify that operators of hotels, motels, taverns, restaurants, drugstores, dining cars, or tourist camps must charge sales taxes on the amount of gross receipts charged for all rooms, meals, and drinks furnished at the establishment, but any subsequent sale of those same rooms, meals, and drinks would be exempt from sales tax.

Section 144.054 of this proposal would create a sales tax exemption on all tangible personal property used by an company located within an enhanced enterprise zone district designated as such under 135.393, also included in this proposal. This proposed change could result in an unknown decrease of revenue to the Parks and Soils Tax Funds.

Officials from the **Department of Conservation** (**MDC**) assumed this proposal would authorize a state and local sales and use tax exemption for data storage center and server farm facilities.

MDC officials stated that this proposal could have a significant negative fiscal impact on MDC funds, which could exceed $100,000 annually. However, MDC is unable to provide an exact amount and will rely on Department of Revenue for the fiscal impact of this legislation.

ASSUMPTION (continued)

§144.810

In response to identical legislation (SB 868, 4740-01), the following responded:

Officials from the **Budget and Planning** (**BAP**) assume there would not be any additional costs or savings to their organization as a result of this proposal. The proposal would provide a sales tax exemption for certain inputs of production used by expanding data storage centers, to the extent the amount of new inputs exceed current input levels. BAP officials stated that qualified data center projects would have minimum new investment requirements. An expanding facility would be required to make a $1 million investment within 12 months and a new facility would be required to make a $5 million investment over 36 months.

BAP officials assume this proposal would not impact current general and total state revenues, but could slow future growth. This program could encourage other economic activity, but BAP does not have data to estimate the induced revenues. The Department of Economic Development may have such an estimate. BAP officials stated that DED officials reported 377 firms in the qualifying industrial classification codes in the autumn of 2009.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would clarify that operators of amusement parks and places of entertainment or recreation, including games or athletic events, must charge sales taxes on the amount of gross receipts charged for admission, but any subsequent sale of the admissions or seating accommodations would not be subject to sales tax. This proposal would clarify that operators of hotels, motels, taverns, restaurants, drugstores, dining cars, or tourist camps must charge sales taxes on the amount of gross receipts charged for all rooms, meals, and drinks furnished at the establishment, but any subsequent sale of those same rooms, meals, and drinks would be exempt from sales tax.

Section 144.810 would provide state and local sales and use tax exemptions for all machinery, equipment, computers, electrical energy, gas, water and other utilities including telecommunication services used in new data storage centers and server farm facilities. It would also provide a state and local sales and use tax exemption for purchases of tangible personal property for the construction, repair, or remodeling of a new data storage center or server farm facility. In order to receive the sales tax exemption provided for new data storage centers and server farm facilities, an application must be made to the Department of Economic Development for certification. Such application would be required to show that the project would result in at least $5 million of new facility investment over a three year period.

ASSUMPTION (continued)

Section 144.810 would also create a state and local sales and use tax exemption for existing data storage centers and server farm facilities for all machinery, equipment, computers, electrical energy, gas, water and other utilities including telecommunication services. The exemption would only apply to the increase in expenditures for utilities over the previous year's expenditures. The exemptions for tangible property would be available only on the increase in expenditures over the average of the previous three years expenditures. In order to receive the sales tax exemption provided for existing data storage centers and server farm facilities, an application would have to be made to the Department of Economic Development for certification. Such application would be required to show that the project would result in at least $1 million of new facility investment over a one year period.

The Departments of Economic Development and Revenue would be authorized to conduct random audits to ensure compliance with the requirements for state and local sales and use tax exemptions authorized under this proposal.

Adding exemptions from sales tax would decrease the amount of funding available in the Parks and Soils Sales Tax Funds. These funds have been used for the acquisition and development, maintenance and operation of state parks and historic sites and to assist agricultural landowners through voluntary programs.

The DNR's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, any additional sales tax exemptions would be an unknown loss to the Parks and Soils Sales Tax Funds.

Officials from the **Department of Conservation** (**MDC**) assume this proposal would authorize a state and local sales and use tax exemption for data storage center and server farm facilities.

MDC officials stated that this proposal could have a significant negative fiscal impact on MDC funds, which could exceed $100,000 annually. However, MDC is unable to provide an exact amount and will rely on Department of Revenue for the fiscal impact of this legislation.

Officials from the **Department of Economic Development** (**DED**) assume this proposal would create tax exemptions for data storage centers and server farm facilities. The data storage centers and server farm facilities that seek a tax exemption would be required to submit a project plan to the DED. DED would be responsible for certifying the projects in conjunction with the Department of Revenue (DOR). The proposed legislation would also require random audits to ensure compliance with the intent the data storage centers and server farm facilities indicated in their project plan.

ASSUMPTION (continued)

The Division of Business and Community Services anticipates the need for one (1) additional FTE Economic Development Incentive Specialist III to ensure compliance and perform the auditing functions required by the proposed legislation. This employee would be responsible for reviewing the project plan applications to make sure they meet the criteria of the program and for conducting random audits to ensure compliance with the program. The costs indicated for the additional employee include one-time expenditures for systems furniture, side chairs, file cabinets, calculators and telephones and recurring costs for office supplies, computers, professional development and travel.

DED submits a cost estimate for the proposal including salaries, benefits, equipment, and expense totaling $63,561 for FY 2011, $71,571 for FY 2012, and $73,903 for FY 2013.

Oversight assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DED could absorb the additional workload with existing resources. If this proposal created an unanticipated increase in the DED workload, or if multiple such proposals were implemented, resources could be requested through the budget process.

Officials from the **Department of Elementary and Secondary Education** assumed this proposal would not impact their organization or local schools, other than any resulting impact from the reduction of state revenues.

Officials from the **Department of Natural Resources (DNR)** state this proposal would provide state and local sales and use tax exemptions for all machinery, equipment, computers, electrical energy, gas, water and other utilities including telecommunication services used in new data storage centers and server farm facilities. It would also provide a state and local sales and use tax exemption for purchases of tangible personal property for the construction, repair, or remodeling of a new data storage center or server farm facility. In order to receive the sales tax exemption provided for new data storage centers and server farm facilities, an application must be made to the Department of Economic Development for certification. Such application would be required to show that the project would result in at least $5M of new facility investment over a three year period.

The proposal would also create a state and local sales and use tax exemption for existing data storage centers and server farm facilities for all machinery, equipment, computers, electrical energy, gas, water and other utilities including telecommunication services. The exemption would only apply to the increase in expenditures for utilities over the previous year's expenditures. The exemptions for tangible property would be available only on the increase in expenditures over the average of the previous three years expenditures. In order to receive the

ASSUMPTION (continued)

sales tax exemption provided for existing data storage centers and server farm facilities, an application would have to be made to the Department of Economic Development for certification. Such application would be required to show that the project would result in at least $1M of new facility investment over a one year period.

The Departments of Economic Development and Revenue would be authorized to conduct random audits to ensure compliance with the requirements for state and local sales and use tax exemptions authorized under this proposal.

Adding additional sales tax exemptions would decrease the amount of funding available in the Parks & Soils Sales Tax Funds. These funds have been used for the acquisition and development, maintenance and operation of state parks and historic sites and to assist agricultural landowners through voluntary programs.

The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, any additional sales tax exemption would be an unknown loss to the Parks and Soils Sales Tax Funds.

Officials from the **Department of Revenue** (**DOR**) assume this proposal would create additional exemptions from sales taxes beginning August 28, 2010.

The exemption would apply to all electrical energy, gas, water and other utilities including telecommunication services used in a new data storage center or server farm, all machinery, equipment and computers used in any new data storage center or server farm facility, and all sales at retail of tangible personal property and materials for constructing, repairing, or remodeling any new data storage center or server farm facility. An expanding data storage center or server farm facilities could also be exempt from sales and use tax with the same criteria as with a new data storage center or server farm facility.

Entities would be required to submit a plan to the Department of Economic Development (DED) to determine eligibility. DED would certify the project to DOR, and DOR would issue an exemption certificate to the taxpayer.

DED would create rules to carry out the provisions of this legislation and would conduct random audits.

ASSUMPTION (continued)

DOR Collections and Tax Assistance would anticipate additional contacts due to this exemption, and estimated that one (1) FTE Revenue Processing Technician I (Range 10, Step L) would be required for every additional 24,000 contacts annually to the registration section, and one (1) FTE Revenue Processing Technician I (Range 10, Step L) would be required for every additional 4,800 contacts annually to the tax assistance offices.

DOR Sales Tax would anticipate that these exemptions would be processed as refunds, and one (1) FTE Revenue Processing Technician I (Range 10, Step L) would be required for completion of amended returns and processing refunds.

In summary, DOR officials submitted an estimate of the cost to implement this proposal including three additional employees with benefits, expense, and equipment totaling $118,594 for FY 2011, $126,244 for FY 2012, and $130,032 for FY 2013.

Oversight assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DOR could absorb the additional workload with existing resources. If this proposal creates a significant unanticipated increase in the DOR workload, or if multiple such proposals were implemented, resources could be requested through the budget process.

The Department and OA-ITSD (DOR) would also make programming changes to the sales tax processing system (MITS). DOR did not provide an estimate of IT costs for the programming changes.

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of normal activity each year. **Oversight** assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

Officials from **Cass County** assumed the potential fiscal impact of a similar proposal (HB 1513, LR 4131-01) is unknown. County officials assume there could be a positive impact in terms of possible job creation.

Oversight notes that this proposal would require a minimum $5 million investment in a new facility within thirty-six months, or a minimum $1 million investment in an expanding facility within twelve months. The proposed project would require approval by the Department of Economic Development (DED) which would conditionally certify the project to the Department of Revenue (DOR). Upon completion of the project, DED would certify the project eligibility to DOR, and DOR would refund the sales tax paid on the project.

ASSUMPTION (continued)

If the proposal became effective August 28, 2010, construction would likely begin late in FY 2011 and would likely not be completed until late in FY 2012. Refunds would not likely be certified and paid to project owners until FY 2013.

Oversight is not aware of any existing or planned projects which would qualify for the program, but if one new facility project was completed in time for a refund to be paid in FY 2013, the sales tax amounts could be computed as follows. For fiscal note purposes, **Oversight** assumes the entire $5 million investment would qualify for the exemption.

Entity	Sales Tax Rate	Sales Tax
General Revenue Fund	3%	$150,000
Conservation Commission Fund	1/8%	$6,250
School District Trust Fund	1%	$50,000
Parks, and Soil and Water Funds	1/10%	$5,000
Local Governments	Average 2.5%	$125,000

For fiscal note purposes only, **Oversight** will indicate a revenue reduction in excess of $100,000 for FY 2013 for the General Revenue Fund and local governments and a loss as a result of the reduction in revenue of less than $100,000 for other state funds which receive sales tax revenues.

§§339.1100, 339.1105, 339.1110, 339.1115, 339.1120, 339.1125, 339.1130, 339.1135, 339.1140, 339.1145, 339.1150, 339.1155, 339.1160, 339.1170, 339.1175, 339.1180, 339.1185, 339.1190, 339.1200, 339.1205, 339.1210, 339.1215, 339.1220, 339.1230, 339.1235, and 339.1240

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this section regulates appraisal management companies. The Department of Insurance, Financial Institutions, and Professional Registration should provide an estimate of possible increased costs and revenues to the state.

Officials from the **Office of Attorney General (AGO)** state the legislation is unclear as to whether the AGO would represent the Division of Finance in the discipline of appraisal management companies. Therefore, the AGO assumes that any potential costs arising from this proposal can be absorbed with existing resources. If multiple cases arise, the AGO may seek additional appropriations to cover the increase in case load.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state based on a projection from the Missouri Advisory Council for Real Estate Appraisers, it is estimated that 150 individuals in the state of Missouri will be required to be licensed at $155 annually. In addition, a 3% growth rate is estimated.

It is assumed that all fees collected will be deposited into a fund for the Missouri Real Estate Appraisers Commission and that all expenses would be paid out of that fund. It is also assumed that no revenue will be generated by the Missouri Real Estate Appraisers in FY 11; therefore, expenses incurred by the commission will be paid back to the PR Fees Fund by a lending board within the division, pursuant to section 324.016, RSMo. It is estimated payback of any outstanding loans would be made in FY 14. However, should the number of licensees vary significantly from the number estimated, the licensure fees will be adjusted accordingly.

As the Missouri Real Estate Appraisers Commission is already established, the DIFP assumes the Commission will require two (2) additional commission meetings to draft rules for the licensing of real estate appraisal management companies. Additional committee meeting expense for FY 11 is estimated to be $3,542. No additional meetings will be required in subsequent years.

Printing and postage expenses for the first year include printing rules, applications, letterhead and envelopes, as well as costs associated with mailings associated with initial licensure. Subsequent year's printing and postage is based on a board of similar size. The DIFP estimates FY 11 printing and postage expenses of $1,875; subsequent years' expenses are estimated to be $57 annually.

During the first year of implementation, costs are calculated for the design, program and implementation of the licensure program for new boards. Licensure system costs are estimated to be $540.

Based on a board of similar size, it is estimated that the board will receive 3 complaints annually. The division does not anticipate receiving any complaints until FY 12. It is estimated that 30% (3 X 30% = 0.9 complaints or rounded to 1 complaint annually) of the complaints filed would require field investigations and that 50% of the complaints investigated would require an investigator to incur overnight expenses. Therefore, the DIFP estimates $142 in annual investigative expenses.

Boards within the division incur division-wide expenses based on specific board licensee averages in addition to the department and Office of Administration cost allocation plans. Approximately $601 in additional expenses will be considered in calculating the anticipated license and renewal fees although these costs will not require additional appropriation for the Professional Registration Transfer Core budget.

ASSUMPTION (continued)

Costs are calculated for services provided to the division by the Attorney General's Office (AGO) and the Administrative Hearing Commission (AHC). It is anticipated $300 in annual costs will be incurred from the AGO and AHC beginning in FY 12. These costs are based on a board of similar size.

Oversight assumes the division-wide expenses allocated to the Missouri Real Estate Appraisers Commission will result in an equal reduction in expenses allocated to other Boards within the Division of Professional Registration.

§386.715

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

Officials from the **Missouri Senate** stated this proposal will either have no fiscal impact is it relates to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state the proposal establishes a fee source for funding the Office of Public Counsel effective for FY 12, thereby increasing total state revenues by that amount. The Office of Public Counsel has a FY 10 general revenue budget of $880,809 (excluding fringe benefits).

Officials from the **Department of Economic Development (DED)** state this section is identical to the same section in HCS for HB 2405, 5470-03 (not the entire bill). The impact of this section is zero. There will be a saving to General Revenue in the same amount of the cost to the Office of Public Counsel Fund (approximately $1.2 million based on the FY 10 TAFP budget and including fringes).

Officials from the **Little Blue Valley Sewer District** indicate this proposed legislation will not affect their district.

§620.1910

Officials for the **Office of Administration - Budget and Planning (BAP)** state this proposal allows a qualified manufacturing facility to retain fifty percent of the withholding tax from full-time jobs at the facility for a period of ten years. The provisions also allows a qualified supplier to retain all withholding tax from new jobs for a period of three or five years, depending upon the

ASSUMPTION (continued)

wage amount compared to the industry average. Qualified suppliers shall not receive benefits, for the same new jobs, under these programs: BUILD, New & Expanding Business Facility; Enterprise Zone; Rebuilding Communities; Rural Empowerment Zone; Enhanced Enterprise Zones; or Missouri Quality Jobs. The total aggregate amount of retained withholding tax under this section is capped at $15 million per year for "qualified manufacturing companies." There is no cap specified for qualified suppliers. The provisions of this section also prohibits qualified manufacturing facilities receiving benefits from this section from receiving build, business facility tax credits, enterprise zone tax benefits, rebuilding communities tax credits, and rural empowerment zone tax benefits.

The Jobs Manufacturing Act will reduce general and total state revenues to the extent that withholding retention is granted for jobs already in existence. To the extent withholding retention is granted for new jobs, this proposal may slow the growth in future revenues. This proposal may induce other economic activity, but BAP does not have data to estimate induced revenues. The Department of Economic Development may have such an estimate.

Officials from the **Department of Economic Development (DED)** state this section is identical to SCS for HCS for HB 1675, 4083-05. The proposed legislation would result in the need for two additional FTE in Business and Community Services (BCS). These FTE would be Economic Development Incentive Specialist IIIs and would be responsible for administering the program. The related costs for these FTE include one-time expenditures for systems furniture, side chairs, file cabinets, calculators and telephones and recurring costs for office supplies, computers, professional development and travel. DED assumes the cost for these FTE to total roughly $145,000 per year.

Oversight assumes DED's estimate of expense and equipment cost for the new FTEs could be overstated. If DED is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2011 could be reduced by roughly $11,800.

Officials from the **Department of Revenue (DOR)** state their response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated at $21,306 (840 FTE hours) to make programming changes to the withholding tax processing system.

ASSUMPTION (continued)

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes OA-ITSD (DOR) could absorb the ITSD costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

The DOR also assumes the need for two additional FTE to administer the changes to the withholding tax from both manufacturers as well as suppliers. DOR assumes a cost for these additional FTE of roughly $85,000 per year.

Oversight assumes DOR's estimate of expense and equipment cost for the new FTEs could be overstated. If DOR is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2011 could be reduced by roughly $11,200.

With the narrow definition of "qualified manufacturing facility" as well as "qualified supplier", **Oversight** will assume enough companies will qualify for the benefits of this proposal to only justify one FTE each for the Department of Economic Development and the Department of Revenue. If the program is successful and more companies qualify for the benefits than what Oversight anticipates, **Oversight** assumes DED and DOR could request additional FTE through the appropriations process.

Oversight has, for fiscal note purposes only, changed the starting salary for DOR's additional employee to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Also, Oversight assumes that the relatively small number of additional staff can be located in existing office space.

Oversight assumes there would be some positive economic benefit to the state as a result of the new programs in this proposal, however, **Oversight** considers these benefits to be indirect and therefore, have not reflected them in the fiscal note.

This substitute has an annual limit of $15 million in withholding benefits that may be awarded to qualified manufacturing companies under this program, no earlier than January 1, 2012; therefore, **Oversight** will assume a range of $0 (no companies qualify for the program) to a potential annual loss of $15 million in withholding tax revenue for manufacturing companies. Qualified suppliers are also allowed to retain withholding taxes; however, this substitute does not state an annual limit for this part of the program. Therefore, **Oversight** will assume an unknown loss of withheld taxes for qualified suppliers.

FISCAL IMPACT - State Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
Savings - Office of Public Counsel (§386.715)			
Personal Service (12 FTE)	$657,634	$657,634	$657,634
Fringe Benefits	$344,863	$344,863	$344,863
Expense and Equipment	$223,175	$223,175	$223,175
Total Savings - OPC	$1,225,672	$1,225,672	$1,225,672
FTE Change	(12 FTE)	(12 FTE)	(12 FTE)
Costs - Department of Economic Development (§620.1910)			
Personal Service (1 FTE)	($35,803)	($44,253)	($45,580)
Fringe Benefits	($18,775)	($23,206)	($23,902)
Expense and Equipment	($8,983)	($4,293)	($4,422)
Total Costs - DED	($63,561)	($71,752)	($73,904)
FTE Change - DED	1 FTE	1 FTE	1 FTE
Costs - DED (§§135.950-135.969)			
Personal Service (1FTE)	$0 or ($35,803)	$0 or ($44,252)	$0 or ($45,580)
Fringe Benefits	$0 or ($18,775)	$0 or ($23,206)	$0 or ($23,902)
Expense and Equipment	$0 or ($8,983)	$0 or ($4,293)	$0 or ($4,421)
Total Costs - DED	$0 or ($63,561)	$0 or ($71,751)	$0 or ($73,903)
FTE Change - DED	0 or 1 FTE	0 or 1FTE	0 or 1 FTE
Costs - Department of Revenue (§620.1910)			
Personal Service (1 FTE)	($19,467)	($24,061)	($24,783)
Fringe Benefits	($10,208)	($12,618)	($12,996)
Expense and Equipment	($6,023)	($518)	($534)
Total Costs - DOR	($35,698)	($37,197)	($38,313)
FTE Change - DOR	1 FTE	1 FTE	1 FTE
Loss - DED (§620.1910)			
Retained withholding tax from qualified manufacturing facilities	$0	$0 to ($15,000,000)	$0 to ($15,000,000)
Retained withholding tax from qualified suppliers	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)

FISCAL IMPACT - State Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND (continued)			
Loss - DOR			
Sales Tax Exemption (§§144.019 & 144.054)	(Unknown)	(Unknown)	(Unknown)
Sales tax exemption (§144.810)	$0	$0	(More than $100,000)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	**Unknown less than $1,126,413**	**(Unknown exceeding $13,955,028) to less than $1,116,723**	**(Unknown exceeding $13,886,545) to less than $1,113,455**
Estimated Net FTE Change on the General Revenue Fund	-9 or -10 FTE	-9 or -10 FTE	-9 or -10 FTE
THE PUBLIC COUNSEL FUND (§386.715)			
Income - Increased assessments on regulated utilities	$1,225,672	$1,225,672	$1,225,672
Costs - Office of Public Counsel			
Personal Service (12 FTE)	($657,634)	($657,634)	($657,634)
Fringe Benefits	($344,863)	($344,863)	($344,863)
Expense and Equipment	($223,175)	($223,175)	($223,175)
Total Costs - OPC	($1,225,672)	($1,225,672)	($1,225,672)
FTE Change	12 FTE	12 FTE	12 FTE
ESTIMATED NET EFFECT TO THE PUBLIC COUNSEL FUND	**$0**	**$0**	**$0**
Estimated Net FTE Change on the Public Counsel Fund	12 FTE	12 FTE	12 FTE

FISCAL IMPACT - State Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
MISSOURI REAL ESTATE APPRAISERS FUND (§§339.1100 - 339.1240)			
Transfer-In - from PR Fees Fund	$6,708	$0	$0
Revenue - DIFP			
Licensing/renewal fees	$0	$4,200	$4,252
Costs - DIFP			
Commission meeting expense	($3,542)	$0	$0
Expense and equipment	($3,166)	($1,422)	($1,483)
Total Costs - DIFP	($6,708)	($1,422)	($1,483)
ESTIMATED NET EFFECT ON MISSOURI REAL ESTATE APPRAISERS FUND	**$0**	**$2,778**	**$2,769**
PR FEES FUND (§§339.1100 - 339.1240)			
Transfer-Out - to Missouri Real Estate Appraisers Fund	($6,708)	$0	$0
ESTIMATED NET EFFECT ON PR FEES FUND	($6,708)	$0	$0
SCHOOL DISTRICT TRUST FUND			
Loss - DOR			
Sales tax exemption (§144.810)	$0	$0	(Less than $100,000)
Loss - DOR			
Sales Tax Exemption (§§144.019 & 144.054	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL IMPACT - State Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
CONSERVATION COMMISSION FUND			
Loss - DOR			
Sales tax exemption (§144.810)	$0	$0	(Less than $100,000)
Sales Tax Exemption (§§ 144.019 & 144.054)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	**(Unknown)**	**(Unknown)**	**(Unknown)**
PARKS, SOIL AND WATER FUNDS			
Loss - DOR			
Sales tax exemption (§144.810)	$0	$0	(Less than $100,000)
Sales Tax Exemption (§§ 144.019 & 144.054)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON PARKS, SOIL, AND WATER FUNDS	**(Unknown)**	**(Unknown)**	**(Unknown)**
BLIND PENSION FUND			
Loss - DOR			
Sales Tax Exemption (§§ 144.019 & 144.054)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL IMPACT - Local Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL GOVERNMENTS			
Costs - Exhibition Recreation Facility District			
Operation, maintenance, election, etc. (§67.2000)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Loss - DOR			
Sales Tax Exemption (§§144.019 & 144.054)	(Unknown)	(Unknown)	(Unknown)
Sales tax exemption (§144.810)	$0	$0	(Less than $100,000)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL IMPACT - Small Business

The proposal will impact small business real estate appraisal management companies and individuals as they will be required to be licensed. (§§339.1100 - 339.1240)

Small businesses that qualify for this program would be positively impacted from this proposal. (§620.1910)

Small businesses within any newly created district may have to collect and remit additional sales taxes to the Department of Revenue. (§67.2000)

This proposal would define certain types of transactions as taxable or not taxable retail sales. Therefore, the proposal could have an impact to small businesses involved in the specific types of transactions addressed. (§144.019)

FISCAL DESCRIPTION

This section allows real property owners in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts. If such a district is created, it may seek voter approval for the imposition of a one-quarter of one percent sales tax, for a period not to exceed twenty-five years, to fund the district. (§67.2000)

FISCAL DESCRIPTION (continued)

The proposed legislation would create state and local sales and use tax exemptions for data storage centers and server farm facilities. (§144.810)

The proposed legislation would define certain purchases made for resale as not taxable sales at retail. (§144.019)

The proposed legislation would exempt utilities, machinery, and equipment used in data storage from state and local sales and use tax. (§144.054)

This proposal establishes the Missouri Appraisal Management Company Registration and Regulation Act to regulate real estate appraisal management companies. In its main provisions, the proposal: (1) Makes it unlawful for any person to act as a real estate appraisal management company, to directly or indirectly engage or assume to engage in the business of real estate appraisal management, or to advertise or hold himself or herself out as engaging in or conducting the business of real estate appraisal management without being registered with the Missouri Real Estate Appraisers Commission within the Department of Insurance, Financial Institutions and Professional Registration; (2) Allows the commission to adopt rules necessary to implement, administer, and enforce the provisions of the proposal; (3) Requires an appraisal management company to make written application to the commission for the registration of the company with the required fee as established by rule; and (4) Specifies that a registration will expire June 30 of every year and become invalid unless renewed by filing an application and paying a renewal fee as established by rule. The proposal is effective January 1, 2011. (§§ 339.1100 - 339.1240)

This proposal creates an assessment-based funding mechanism for the Office of the Public Counsel within the Department of Economic Development similar to that currently utilized by the Missouri Public Service Commission. Prior to the beginning of each fiscal year, the counsel will present to the commission its estimated expenses attributable to the regulation of public utilities under §386.020, RSMo. (§386.715)

This proposal establishes the Manufacturing Jobs Act which allows qualified suppliers or manufacturing facilities that create or retain Missouri jobs to retain employee withholding taxes for a period of years. The total amount of withholding taxes retained by all qualified manufacturing companies under the program is limited to no more than fifteen million dollars annually. (§620.1910)

The Department of Economic Development must respond to a qualified manufacturing facility or qualified supplier who provides a notice of intent to receive benefits under the program with either an approval or rejection within 30 days of receiving such notice. Failure of the department to respond will result in the notice of intent being deemed an approval.

HWC:LR:OD

FISCAL DESCRIPTION (continued)

Upon approval of a notice of intent by the Department of Economic Development the execution of an agreement with the department which memorializes the contents of the notice of intent including recapture and repayment provisions, a qualified manufacturing facility may retain 50% of the withholding taxes from retained jobs for 10 years and remain eligible to participate in the Missouri Quality Jobs Program. Qualified manufacturing facilities are prohibited from simultaneously receiving benefits under the new or expanded business facilities program (Sections 135.100 - 135.150, RSMo), the enterprise zones program (Sections 135.200 - 135.286), the relocation of a business to a distressed community program(Section 135.535), or the rural empowerment zones program (Sections 135.900 - 135.906). If a facility is utilizing withholding taxes from the new jobs for any other state program, the taxes will first be credited to the other state program before they will begin to accrue to this program. If the facility is participating in the new jobs training program, it cannot retain any withholding taxes that are already allocated for use in that program.

Upon approval of a notice of intent by the department, a qualified supplier may retain 100% of the withholding taxes from new jobs for three years, if the supplier pays wages for such new jobs that are equal to the lesser of the county average wage or the industry average wage for Missouri provided such wage is not lower than sixty percent of the statewide average wage. If a qualified supplier pays wages for the new jobs that are equal to or greater than 120% of the industry average wage for Missouri, it can retain withholding taxes for five years.

Taxpayers awarded benefits under the Manufacturing Jobs Act that knowingly hire, or engage the services of contractors or subcontractors which knowingly hire, individuals who are not allowed to work legally in the United States will immediately forfeit benefits received and repay the state an amount equal to any withholding taxes already retained. A qualified manufacturing facility or qualified supplier that fails to comply with the provisions of the program will be required to repay all benefits previously obtained from the state with five percent interest per year from the date the benefit was originally received.

The department must submit an annual report on the manufacturing jobs program to the General Assembly by March first. The report must provide participating facilities and suppliers, the amount of benefits provided, the net state fiscal impact, and the number of new and retained jobs.

The provisions of the act will expire six years from the effective date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

HWC:LR:OD

SOURCES OF INFORMATION

Office of Attorney General
Office of Administration -
    Administrative Hearing Commission
    Division of Budget and Planning
Office of State Courts Administrator
Department of Economic Development -
    Division of Business and Community Services
Department of Elementary and Secondary Education
Department of Higher Education
Department of Insurance, Financial Institutions, and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Revenue
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
    Missouri State Highway Patrol
    Missouri State Water Patrol
Office of the Governor
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Missouri Department of Conservation
Missouri House of Representatives
Office of Lieutenant Governor
Office of Prosecution Services
Office of State Auditor
Missouri Senate
Office of Secretary of State
Office of State Treasurer
Missouri State Tax Commission
Linn State Technical College
University of Missouri
City of Centralia

HWC:LR:OD

SOURCES OF INFORMATION (continued)

NOT RESPONDING:

State Agencies:

Department of Agriculture, Missouri Ethics Commission and **Office of State Public Defender**

Local Governments:

Cities of: Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Kirksville, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, and **West Plains**

Counties of: Andrew, Barry,Bates, Boone, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Hickory, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, St. Charles, St. Louis, St. Francois, Taney, Texas, Warren, and **Webster**

Schools: Blue Springs Public Schools; Branson Public Schools, Columbia Public Schools; Fair Grove Schools; Francis Howell Public Schools; Independence Public Schools; Jefferson City Public Schools, Kansas City Public School Board, Kirksville Public Schools. Lee Summit Public Schools, Mehlville Public Schools, Mexico Public Schools, Nixa Public Schools, Parkway Public Schools, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, St. Joseph School District, St. Louis Public Schools, St. Charles Public Schools, and **Sullivan Public Schools**

Court clerks, Sheriffs and Police Departments: St. Louis City Circuit Clerk, Phelps County Circuit Clerk, Boone County Sheriff, Buchanan County Sheriff, Clark County Sheriff, Columbia Police Department, Independence Police Department, Jackson County Sheriff, Jefferson City Police Department, Kansas City Police Department, Platte County Sheriff, Springfield Police Department, St. Charles Police Department, St. Joseph Police Department, St. Louis County Department of Police, St. Louis County Sheriffs Department, and **St. Louis Metro Police Department**

SOURCES OF INFORMATION (continued)

NOT RESPONDING (continued)

Ambulance Districts: Central County Fire and Rescue, St. Charles County Ambulance, Taney County Ambulance District, and **Valle Ambulance District**

Water and Sewer Districts: Boone County Regional Sewer District, Cole County Public Water District #4, Franklin County Water District, Little Blue Valley Sewer District, Missouri Association of Sewer Districts, Public Water District #3, Pulaski County Sewer District, St. Louis Metro Sewer District, St. Charles County Public Water Supply District #2, and **Timber Creek Sewer Company, Inc.**

Hospitals: Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital,and **Washington County Memorial Hospital**

Colleges: Crowder College, East Central Community College, Harris-Stowe College, Jefferson Communty College, Kansas City Metropolitan Community College, Lincoln University, Moberly Area Community College, Missouri Southern State College, Missouri Western State College, Mohela, Missouri State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, and **University of Central Missouri**

Mickey Wilson

Mickey Wilson, CPA
Director
May 10, 2010

HWC:LR:OD